

similar political subdivisions of a State. The term "trade or business" as used in this section includes activities of organizations which are conducted with no purpose of gain or profit. A line or channel is considered to be furnished between specified locations only when the line or channel connects preselected points without the use of switching functions performed by a communications company exchange. Where an amount is paid which includes a charge for such a line or channel and also a charge for the service provided by means of switching functions performed by a communications company exchange, the exemption is applicable only to that portion of the amount so paid as is attributable to such a line or channel. The preselected points must be located in different States or in different counties or municipalities of the same State. If the preselected points are located in a State in which the political subdivisions are not denominated as counties or municipalities, then the preselected points must be in different political subdivisions of such State which correspond to counties or municipalities. For purposes of this paragraph the term "municipality" means the largest political subdivision of a State below the level of county or similar subdivision. For the exemption to apply, the charge for the service must be billed in writing to the person paying for the service and such person must certify in writing that the service is for use in the conduct of a trade or business.

(b) *Exemption inapplicable.* This particular exemption is not applicable in the case of taxes imposed on amounts paid for other services by section 4251, even though such services are utilized in the conduct of a trade or business.

§ 49.4253-11 Use and retention of exemption certificates.

A separate exemption certificate (as required by §§ 49.4253-3 and 49.4253-4) shall be furnished for each message paid for as a separate item, but where periodic payments are made, a blanket certificate (for a period not to exceed four calendar quarters) may be accepted as evidence of the right to exemption. An agent of a telegraph, tele-

phone, radio, or cable company should not accept an exemption certificate unless satisfied, on the basis of proper credentials or otherwise, that the person who signed it is the person whom he represents himself to be and that the exemption claimed is allowable under the law. Exemption certificates should be retained with the record of the services rendered for inspection by internal revenue officers as provided in section 6001 and the regulations in Subpart G of this part.

§ 49.4253-12 Cross reference.

For exemptions applicable to amounts received as payment for services furnished to the government of any State or political subdivision of a State, to the District of Columbia, to the government of the United States, or to certain nonprofit educational organizations, see sections 4292, 4293, and 4294, and the regulations thereunder contained in Subpart F of this part.

§ 49.4254-1 Computation of tax.

(a) *General rule.* Except as provided in paragraph (b) of this section, when a bill is rendered to the taxpayer covering charges for general telephone service, toll telephone service, or telegraph service, with respect to which a tax is imposed by section 4251, the amount upon which the tax with respect to such services shall be based shall be the sum of all such charges for such services included in the bill.

(b) *Special rule in certain cases.* When a bill is rendered to the taxpayer covering charges for general telephone service, toll telephone service, or telegraph service, with respect to which a tax is imposed by section 4251, by a person who groups individual items for purposes of rendering the bill and computing the tax, then the amount on which the tax with respect to each such group shall be based shall be the sum of all items within that group, and the tax on remaining items not included in any such group shall be based on the charge for each item separately.